

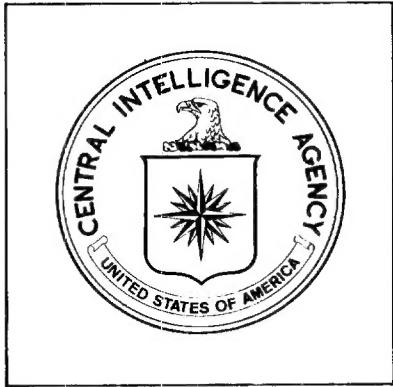
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STAFF NOTES:

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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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West German Government is Optimistic About
Berlin Affairs

1, 4 After a year of bitter disagreements with Pankow over Berlin issues, the Schmidt government is hopeful that the new spirit of cooperation with the East Germans that emerged in recent weeks will continue into 1975.

1, 1 Chancellor Schmidt in his New Year's address stated that West Germans need not worry about Berlin in 1975 and predicted that relations with East Germany would become more relaxed. Embassy Bonn has characterized the speech as one of the most optimistic statements on Berlin affairs by a leading German politician in years and warns that it could prove embarrassing should difficulties arise later.

4 Schmidt, nevertheless, has some reasons for being optimistic.

4 --The dispute with the East Germans and Soviets over the Federal Environmental Office in West Berlin is no longer a problem. Employees of this office are using the autobahns without interference from East German border guards.

4 --After protracted negotiations with Pankow, the deadlock on the package deal of mutual concessions on Berlin and economic issues was broken last month. Pankow substantially reduced the minimum currency exchange requirement for visits to East Berlin and East Germany and Bonn agreed to extend the interest-free credit arrangement that helps finance a portion of bilateral trade.

2 --East German Communist Party Chief Erich Honecker has also promised that progress in the family reunification program will be maintained and has told Bonn that he has already approved 800 specific family reunification cases as a sign of good faith.

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4 // --Bilateral negotiations to round out the "package deal" will probably begin in the near future. Bonn is eager to explore Pankow's proposals to improve road, rail, and canal routes to West Berlin. Pankow has already announced that West Germans and West Berliners may now use their personal cars to visit virtually all parts of East Germany.

4 // Collectively, these developments have helped dampen suspicions among West Berlin officials that Bonn was not making a strong defense of the city's interests in the negotiations.

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UK's Two EC Commissioners Will Campaign for
Continued UK Membership in EC

Britain's two EC Commissioners plan to campaign actively in the UK for continued British membership in the community. Their tours of the UK during the coming months, while not the first occasion Commissioners have engaged in domestic politics, may nevertheless add a new note of controversy to the referendum campaign.

Both Christopher Soames and George Thomson have made it clear in the past that they regard it as their responsibility as Commissioners to keep their countrymen informed about the consequences of EC membership.

Although the British press is likely to approve their entry into the referendum campaign, the anti-marketeers probably will not. Thomson, in particular, may get a rough time from his former colleagues in the badly split Labor Party.

Soames is probably hoping that his projected speaking engagements will put him back in the public eye and allow him to test the waters for a possible future bid to lead the Conservative Party. He has already published a detailed rebuttal of the anti-EC arguments recently made by Labor anti-marketeer Tony Benn.

During the next few months Soames will concentrate his appeals on Conservative and Liberal audiences, while Thomson will address trade union and Labor Party meetings. Both men will presumably seek to show that Britain cannot afford to withdraw from the EC and that UK membership does not involve an unacceptable loss of sovereignty. (Confidential No Foreign Dissem)

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Cuba and West Germany Move to Establish
Diplomatic Relations

13 Cuban and West German officials will meet in Paris on January 7 to open negotiations on the establishment of diplomatic relations. The only question of substance to be settled in the talks is the Federal Republic's right to represent West Berlin abroad. A formula similar to the one Bonn uses with other Communist countries should remove this obstacle.

13 West Germany and Ireland are the only European countries that have not recognized the Castro regime. Bonn broke relations with Havana in January 1963 after the Cubans recognized East Germany. (Confidential No Foreign Dissem/ Background Use Only)

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